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In Re Application of: Grenchus et al.

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Reply Brief - (21 pages-3 sets)

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DOCKET NO. END920000019US1

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

Applicant: Grenchus *et al.*

Examiner: Shaffer, Eric T.

Serial No.: 09/524,366

Art Unit: 3623

Filed: 3/14/2000

For: **METHOD OF DEMANUFACTURING A PRODUCT**

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**REPLY BRIEF OF APPELLANT**

This Reply Brief addresses issues raised in the Examiner's Answer mailed May 20, 2004.

**Issue 1**

**CLAIMS 1, 2, AND 5-10 ARE NOT UNPATENTABLE UNDER 35 U.S.C. §103(A) OVER SUZUKI ET AL. (5,965,858) IN VIEW OF GRAFF (US 5,802,501).**

The Examiner rejected claims 1, 2, and 5-10 as allegedly being unpatentable under 35 U.S.C. §103(a) over Suzuki et al. (5,965,858) in view of Graff (US 5,802,501).

**Group I: Claims 1 and 5-10**

In the Appeal Brief, Appellants presented six arguments as to why claims 1 and 5-10 are not unpatentable over Suzuki in view of Graff. The Examiner's Answer provided an answer to each of these six arguments. This Reply Brief responds to each answer provided in the Examiner's Answer in relation to the six arguments.

### First Argument

The Appeal Brief asserts that Suzuki in view of Graff does not teach or suggest the following feature of claims 1 and 5-10: "determining a hazardous materials handling expense". In the Office Action rejection, the Examiner argues that "Suzuki et al teaches ... the cost to handle hazardous material (column 7, lines 57 - 58, "the energy-resource-destined material buyer"), where a buyer would contain the prices of items to be bought". For context, the Appeal Brief quotes col. 7, lines 56-59 of Suzuki: "the energy-resource-destined materials are transferred to the energy-resource-destined material buyer 13 (route 14b) with the waste materials being disposed of for reclamation (route 14c)".

Thus the Appeal Brief reasons that the preceding argument by the Examiner in the Office Action is based on inferring from col. 7, lines 57-58 of Suzuki that Suzuki teaches that the buyer pays a price for the hazardous material purchased. In response, The Appeal Brief contends that the price that the buyer pays for the hazardous material is not "a hazardous materials handling expense". In fact, Suzuki does not anywhere disclose how the price that the buyer pays for the hazardous item is determined, and Suzuki does not anywhere disclose a relationship between the price that the buyer pays for the hazardous item and the hazardous materials handling expense. The Appeal Brief maintains that a hazardous materials handling expense cannot be inferred from the price that the buyer pays for the hazardous material. Therefore, the Appeal Brief contends that Suzuki does not teach "determining a hazardous materials handling expense". Accordingly, claims 1, 9, and 10 are not unpatentable under over Suzuki in view of Graff.

The Examiner's Answer argues:

Appellant argues that Suzuki in view of Graff does not teach the determination of a hazardous materials handling expense. However, Suzuki does teach the handling of a hazardous materials by a ("step of determining or deciding a special processing/treatment necessitating part containing harmful or hazardous materials") and the use of ("a procedure for separating the component parts containing harmful material/substances or hazardous material/substance as determined from the discarded article", column 31, lines 23 - 26). Suzuki also teaches special procedure for treatment for hazardous materials, ("Some of the parts containing harmful/hazardous materials and requiring special treatment will be treated properly by the part manufacturer route 6k, some of them will be sent to a harmful/hazardous material processing factory 14 built to this end to undergo proper treatment route 6i, and some will be sent to the harmful/hazardous material processing factory by way of the part manufacturer, route 10d. The parts supplied to the harmful/hazardous material processing factory are classified into restoration-destined materials, energy-resource-destined materials and waste materials after the treatment, whereon the restoration-destined materials are sent to the material manufacturer route 14a, while the energy-resource-destined materials are transferred to the energy-resource-destined material buyer route 14b with the waste materials being disposed of for reclamation route 14c", column 32, lines 46 - 63). Since Suzuki does teach a decision process and several extensive processes for handling of hazardous materials, it is obvious that Suzuki does teach that additional effort is necessary to disassemble a part that contains a hazardous material, it is clear that any organization providing a service has an expense associated with the service. Thus, handling of hazardous material as taught by Suzuki, includes expense associated with this handling."

In Reply to the preceding argument in the Examiner's Answer, Appellants contend that the Examiner's Answer has speculated, without evidentiary support, that the "handling of hazardous material as taught by Suzuki, includes expense associated with this handling". Appellants contend that Suzuki does not reveal how the price that the buyer pays for the hazardous item is determined, and Suzuki does not disclose that the total price includes a hazardous material handling expense. As an example, the price could be a fixed total price without any breakdown into expense components such as parts expense, labor expense, hazardous material handling expense, etc. Moreover, even if the total price should include a hazardous material handling expense, there is no disclosure by Suzuki of the step of determining

said hazardous material handling expense as required by claims 1 and 5-10. For example, the hazardous material handling expense could be assumed to be a cost of doing business and very well may not be explicitly determined.

Since Suzuki does not disclose “determining a hazardous materials handling expense”, the Examiner is arguing for modifying Suzuki’s method to include “determining a hazardous materials handling expense”. However, the Examiner’s Answer has not supplied a legally persuasive argument as to why a person of ordinary skill in the art would modify Suzuki to determine a hazardous materials handling expense. Established case law requires that the prior art must contain a suggestion or incentive that would have motivated a person of ordinary skill in the art to modify a reference or to combine references. See Karsten Mfg. Corp. V. Cleveland Gulf Co., 242 F.3d 1376, 58 U.S.P.Q.2d 1286, 1293 (Fed. Cir. 2001) (“In holding an invention obvious in view of a combination of references, there must be some suggestion, motivation, or teaching **in the prior art** that would have led a person of ordinary skill in the art to select the references and combine them in a way that would produce the claimed invention”). See also In re Gordon, 733 F.2d 900, 902, 221 U.S.P.Q. 1125, 1127 (Fed. Cir. 1984) (“The mere fact that the prior art could be so modified would not have made the motivation obvious **unless the prior art suggested the desirability of the modification.**”). The Examiner has not made any showing of where the prior art suggests “determining a hazardous materials handling expense”. Thus, the Examiner’s Answer has provided a reason for modifying Suzuki by the Examiner’s speculation and not by teachings of the prior art. By not citing any suggestion or incentive in the prior art of “determining a hazardous materials handling expense”, the Examiner’s Answer has failed to establish a *prima facie* case of obviousness in relation to claims 1-5 and 10.

## Second Argument

The Appeal Brief asserted that Suzuki in view of Graff does not teach or suggest the following feature of claims 1 and 5-10 : "determining a labor expense to remove said each of said parts from said electronic product". In the Office Action rejection, the Examiner argues that "Suzuki et al teaches ... determination of the labor expenses and hazardous materials handling expense of removing electronic parts from computer products, however he does tabulate the "standard number of disassembling steps or processes involved hours)" (column 35, lines 23 - 24), where hours can easily be translated into an expense by multiplying the hours by an hourly salary rate."

In response, the Appeal Brief contends that the Examiner's argument in the Office Action rejection that "hours can easily be translated into an expense by multiplying the hours by an hourly salary rate" is erroneous, for at least the following three reasons.

The Appeal Brief asserts that a first reason why the Examiner's argument in the Office Action rejection (in relation to determining labor expense for removing the parts) is erroneous is that the Examiner assumes without providing supporting evidence that the labor expense is hourly based as opposed to a fixed fee the particular job involved. A fixed fee would depend not only on the hours required but also on the level of skill required for the particular job, which is not disclosed by Suzuki. Thus, there is no enablement in Suzuki for determining the labor expense based on a fixed fee.

The Appeal Brief asserts that a second reason why the Examiner's argument in the Office Action rejection (in relation to determining labor expense for removing the parts) is erroneous is that, even if the labor expense is based on an hourly rate, the hourly rate would depend not only

on the hours required but also on the level of skill required for the particular job, which is not disclosed by Suzuki. Thus, there is no enablement in Suzuki for determining the labor expense based on an hourly rate.

The Appeal Brief asserts that a third reason why the Examiner's argument in the Office Action rejection (in relation to determining labor expense for removing the parts) is erroneous is that, even if the labor expense could be determined (which it cannot be as explained *supra*), the Examiner has not provided any argument as to why it is obvious to determine the labor expense in conjunction with Suzuki's invention. By not even addressing the issue of why it is allegedly obvious to determine the labor expense in conjunction with Suzuki's invention, the Examiner has not established a *prima facie* case of obviousness in relation to claims 1 and 5-10.

The Examiner's Answer argues:

"Appellant argues that the extra labor expense involved in disassembling a part containing hazardous materials is not taught by the Suzuki invention. However Suzuki does teach the calculation of a ("standard number of disassembling steps or processes involved hours", column 35, lines 23 - 25). Applicant further argues that the number of labor hours does not allow the calculation of a labor expense because Suzuki does not teach a fixed labor cost, a skill level for an hourly worker or why it would be obvious to do so. However, Suzuki does teach the ("the separation / sortings are commanded to the workers in accordance with the separation/sorting procedure for the part containing harmful/hazardous material/substance", column 43, lines 20 - 22) where the ("worker detaches the parts in accordance with the command", column 43, lines 65 - 66). Since the processes, procedures, steps and time necessary to disassemble a part are known and specified, then it would be obvious to know what skill level was necessary to perform each task and how much each workers would be paid to perform each step. Therefore the cost of disassembling a part is inherent in the known and documented processes, procedures and steps. Furthermore, the applicant has not stated in the claim language how labor costs are calculated and has not specified the use of labor rates and costs as being fixed or variable" (emphasis added).

In Reply to the preceding argument in the Examiner's Answer, Appellants contend the Examiner's assumption that "the cost of disassembling a part is **inherent** in the known and documented processes" is not legally persuasive, because inherency cannot be used to reject a claim under 35 U.S.C. § 103(a). See *In re Shetty*, 566 F.2d 81, 86, 195 U.S.P.Q. 753, 756-57 (C.C.P.A. 1977) ("[t]he inherency of an advantage and its obviousness are entirely different questions. That which may be inherent is not necessarily known. Obviousness cannot be predicated on what is unknown"). Based on *In re Shetty*, the Examiner is required to provide evidentiary support that what is alleged to be inherent is disclosed in the prior art. Since the Examiner has failed to supply the required evidentiary support, Appellants contend that the Examiner has no legal basis for invoking the inherency argument. Accordingly, the Examiner has not established a *prima facie* case of obviousness in relation to claims 1 and 5-10.

In addition, even if the Examiner were permitted to invoke the alleged inherency that "the cost of disassembling a part is **inherent** in the known and documented processes, procedures and steps", claims 1-5 and 10 are not claiming determination of the cost of disassembling a part. Claims 1-5 and 10 are claiming determining the labor expense associated with removing the parts. Since the cost of removing parts include other expenses than labor expenses (e.g., the depreciation of machinery that assist in removing parts), the labor expense cannot be inferred from the disassembly expense. Accordingly, the Examiner has not established a *prima facie* case of obviousness in relation to claims 1 and 5-10.

Moreover, Suzuki does not enable the calculation of the labor expense, and the Examiner has not cited prior art that discloses how the labor expense would be calculated. Accordingly, the Examiner has not established a *prima facie* case of obviousness in relation to claims 1 and 5-10.

### Third Argument

The Appeal Brief asserted that Suzuki in view of Graff does not teach or suggest the following feature of claims 1 and 5-10: "mak[ing] a determination as to which of said resale price for said electronic product, said highest removed parts value less said labor expense, and said highest commodity value is greater and which of said parts, if any, should be removed from said electronic product so as to recover said largest revenue".

When referring to Suzuki in the Office Action rejection, the Examiner mistakenly considers the issue to be "determin[ing] the highest revenue value of a commodity in order to determine which parts to remove and sell". The Appeal Brief argues that the preceding feature of claims 1 and 5-10 recites determining which of three values is the highest value, namely the value of the electronic product, the value of removed parts, and the value of the commodities derived from removed parts. However, according to the preceding argument by the Examiner, Suzuki is only disclosing and comparing commodity values, since the Examiner has not cited Suzuki for disclosing and comparing commodity values, part values, and the product value. Therefore in relation to Suzuki, this feature of claims 1 and 5-10 does not read on Suzuki's alleged teaching of "determin[ing] the highest revenue value of a commodity in order to determine which parts to remove and sell".

Similarly, the Examiner argues in the Office Action rejection that "Graff teach[es] ... finding the highest commodity value of the removed parts or subcomponents of a property (column 3, lines 20 - 22, "it is frequently possible to sell the components of the property for more than the price of that property") or a part (column 29, lines 58 - 60, "input data characterizing at least one of the two components decomposed from the property") and for performing a separation

that will "maximize profitability of the components" (column 6, lines 25 - 27)." The Appeal Brief argues that the portion of Graff cited by the Examiner discloses only the value of a property and the value of the parts within the property. The Examiner has not taken into account that the preceding feature of claims 1 and 5-10 requires additionally consideration of the commodity value derived from the parts in addition to the value of the products and the constituent parts as explained *supra*. The Examiner has not even attempted to ascertain what constitutes parts and what constitutes commodities in the disclosure of Graff. This erroneous omission of commodity values in relation to Graff is reflected in the following argument provided by the Examiner for why it is allegedly obvious to modify Suzuki by the alleged teaching of Graff: "It would have been obvious to a person of ordinary skill in the art at the time the invention was made to consider the revenue generated from recovered parts and the cost associated with removing said parts in determining which parts to disassemble and recycle from a larger property because this would prevent a recycler from recycling parts that were not cost effective to recover and would provide the highest profit to one in the recycling business." Therefore in relation to Graff, this feature of claims 1 and 5-10 does not read on Graff as alleged by the Examiner.

The Examiner's Answer argues:

"Appellant argues that Suzuki does not teach determining whether the largest revenue value for a part is resale value, removed part value or commodity value. However, Suzuki does teach distinguishing between a part being reused, sold as parts or sold as commodities, ("The recycle decision means can make decision as to the proper recycle processing method or disposal processing method of the discarded article. For example, the recycle decision means can decide on the basis of the information concerning the article as inputted through the reading means as to whether or not the article satisfies condition that the article has a remaining life falling within the restoration-allowable life limit of the article as stored in the article specifications information database, wherein when the remaining life of the article falls within the restoration-allowable life limit, the recycle decision means issues such recycle processing decision or judgement result which indicates that the article is subject to restoration as a restored article, and if otherwise, the recycle decision means issues such recycle processing decision result while indicates that the article is subject to a disassembling processing for disassembling the article to individual component parts", column 3, lines 8 - 24). Furthermore, Suzuki teaches a decision process hierarchy by which an item is evaluated:

("Recycling Rules

(1) Discarded televisions are first classified into articles to be recycled as the reproduced or restored televisions for reuse and as the waste televisions incapable of restoration. The waste televisions incapable of restoration are to be subjected to disassembling on a component part basis, wherein the component parts are classified into following categories or classes (2) to (6), respectively.

(2) component parts to be reused as parts (referred to as reuse-destined parts),

(3) component parts to be reused as restored material,

(4) component parts to be reused as energy resource (referred to as energy-recovery-destined per),

(5) component parts containing harmful/hazardous materials/substances and requiring special processing or treatment,

(6) component parts to be disposed of for reclamation.

In this manner, the recycling rules are classified into six categories. In the case of the instant embodiment, the recycling rules are so stipulated that the discarded articles are to be effectively utilized to a possible maximum extent without disposal or throwing-away and cremation or burning. Next, in conjunction with the recycling rules (1) to (6) classified above, the article distribution/delivery routes following the processing in the recycling factories 6 and 7 will be explained by reference to FIG. 1.", column 6, lines 1 -43).

Clearly reuse is taught in step 1, recycling is taught in steps 2, 3 and 4, and sales as component materials is taught in steps 5 and 6."

In Reply to the preceding argument in the Examiner's Answer, Appellants contend that the Examiner's Answer, even if accepted, is not persuasive because the Examiner's Answer does not address the "resale price" and "so as to recover said largest revenue" aspects of the aforementioned feature of claims 1-5 and 10. To, reiterate, claims 1-5 and 10 recite: claims 1 and 5-10: "mak[ing] a determination as to which of said **resale price** for said electronic product, said highest removed parts value less said labor expense, and said highest commodity value is greater and which of said parts, if any, should be removed from said electronic product **so as to recover said largest revenue**" (emphasis added).

Indeed, the preceding citation from Suzuki by the Examiner's Answer suggests that said "determination" required by claims 1-5 and 10 is not made in the invention of Suzuki, as evidenced by the Examiner's citation of Suzuki in col. 6, lines 19-23: "(1) Discarded televisions are first classified into articles to be recycled as the reproduced or restored televisions for reuse and as the waste televisions incapable of restoration.... The waste televisions incapable of restoration are to be subjected to disassembling on a component part basis".

Thus the preceding citation in Suzuki, which is included in the Examiner's argument, asserts that the recycling of television sets for reuse unless incapable of restoration, which is a mechanism of recycling that is independent of "resale price" and does not teach "which of said parts, if any, should be removed from said electronic product so as to recover said largest revenue" as required by claims 1-5 and 10.

Accordingly, the Examiner has not established a *prima facie* case of obviousness in relation to claims 1 and 5-10.

#### Fourth Argument

The Appeal Brief asserted that Suzuki in view of Graff does not teach or suggest the following feature of claims 1 and 5-10: “mak[ing] a determination as to which of said resale price for said electronic product, said highest removed parts value **less said labor expense**, and said highest commodity value is greater ....” (emphasis added).

In the Office Action rejection, the Examiner cites col. 35, lines 23-24 of Suzuki, which teaches only that labor steps or hours are stored in a database. The Appeal Brief responds that Suzuki does not teach subtracting labor expenses from “said highest removed parts value” as required by claims 1 and 5-10. The Examiner does not even allege that either Suzuki or Graff teaches subtracting labor expenses from “said highest removed parts value” as required by claims 1 and 5-10. Therefore, Appellants assert that claims 1 and 5-10 are not unpatentable under over Suzuki in view of Graff.

The Examiner’s Answer argues:

“Appellant argues that the labor expense is not subtracted from the highest removed value to recover the largest revenue. However, as discussed in the afore mentioned responses, labor expense is **inherent** in the detailed teaching of labor hours involved in recycling parts....” (emphasis added).

In Reply to the preceding argument in the Examiner’s Answer, Appellants contend the Examiner’s assumption that “labor expense is **inherent** in the detailed teaching of labor hours involved in recycling parts” is not legally persuasive, because inherency cannot be used to reject a claim under 35 U.S.C. § 103(a). See *In re Shetty*, 566 F.2d 81, 86, 195 U.S.P.Q. 753, 756-57 (C.C.P.A. 1977) (“[t]he inherency of an advantage and its obviousness are entirely different

questions. That which may be inherent is not necessarily known. Obviousness cannot be predicated on what is unknown"). Based on *In re Shetty*, the Examiner is required to provide evidentiary support that what is alleged to be inherent is disclosed in the prior art. Since the Examiner has failed to supply the required evidentiary support, Appellants contend that the Examiner has no legal basis for invoking the inherency argument. Accordingly, the Examiner has not established a *prima facie* case of obviousness in relation to claims 1 and 5-10.

In addition, even if the Examiner were permitted to invoke the alleged inherency that "labor expense is **inherent** in the detailed teaching of labor hours involved in recycling parts", the previous argument in the Examiner's Answer is misdirected, because this argument by the Examiner's Answer does not address the aforementioned feature of subtracting labor expense from highest removed parts, as claimed in claims 1-5 and 10.

Accordingly, the Examiner has not established a *prima facie* case of obviousness in relation to claims 1 and 5-10.

#### Fifth Argument

The Appeal Brief asserted that Suzuki in view of Graff does not teach or suggest the following feature of claims 1 and 5-10: "**executing said computer model** [such as a computer spreadsheet model] to make a determination as to which of said resale price for said electronic product, said highest removed parts value less said labor expense, and said highest commodity value is greater and which of said parts, if any, should be removed from said electronic product so as to recover said largest revenue" (emphasis added). In the Office Action rejection, the Examiner admits that "Suzuki et al does not specifically mention creating a computer spreadsheet

model that determines the highest revenue value of a commodity in order to determine which parts to remove and sell. ". The Office Action rejection argues that "[i]t would be obvious to incorporate a computer do this because it would make calculations faster and more accurate to calculate."

In response, the Appeal Brief contends the Examiner's argument in the Office Action rejection as to why it is obvious to incorporate use of a computer in Suzuki is not persuasive, because the Examiner has not identified any "calculations" for implementing Suzuki's invention. In the absence of any evidence showing a need to perform calculations, as well as evidence of calculations that would be obviously improved in some manner through use of a computer, the Examiner has failed to establish a *prima facie* case of obviousness in relation to claims 1 and 5-10.

The Examiner's Answer argues:

"Appellant argues that Suzuki does not teach executing a computer model to derive the calculation of maximum revenue. However, Suzuki does teach calculation of a cost and profit, ("the disassembling cost involved in separating or detaching the part from the discarded article as well as the fee charged for transportation is estimated by calculation, wherèon the cost corresponding to the sum of the disassembling cost and the transportation fee is compared with the purchase price of the used part dealers for determining whether or not profit is resulted. When the profit is gained, then the part concerned is decided", column 40, lines 6 - 14). The Graff reference is brought in to demonstrate that the use of a computer to perform these types of disassembly valuation calculations would be obvious, ("a digital, electronic computer and a data processing system", column 1, lines 9 - 11), because to have the component valuation process performed by a computer would make the calculation process faster and more accurate."

In Reply to the preceding argument in the Examiner's Answer, Appellants contend that the preceding calculation cited in Suzuki by the Examiner's Answer is not the same calculation

recited in claims 1-5 and 10. For example, the preceding citation in Suzuki does not disclose calculating “said highest commodity value” as recited in claims 1-5 and 10. Appellants further note that the preceding citation in Suzuki discloses calculating transportation costs which is not recited in claims 1-5 and 10.

In addition, the argument presented in the Examiner’s Answer for modifying Suzuki to include the use of a computer as allegedly taught by Graff is not persuasive. Although the Examiner’s Answer argues that “to have the component valuation process performed by a computer would make the calculation process faster and more accurate”, Appellants contend that it is an expense to purchase and maintain a computer and the required computer software. Since the Examiner has not cited evidence in the prior art that balances the expense of purchasing and maintaining a computer and the required computer software against the benefit of increased computation speed, Appellants maintain that the Examiner has not adequately supported modifying Suzuki to have calculations performed by a computer.

Accordingly, the Examiner has not established a *prima facie* case of obviousness in relation to claims 1 and 5-10.

#### Sixth Argument

The Appeal Brief asserted that the Examiner has cited the highly non-analogous art of Graff to modify Suzuki.

The Appeal Brief argues that Graff discloses a method for decomposing property into separately valued components that will “maximize profitability of the components” (column 6, lines 25-27). However, the property and components described in Graff are exclusively in the

domain of real estate, and not electronic products. Graff considers such factors as cash flow, interest rates, terms of financing, taxes, risk, etc., and uses financial instruments such as estates and trusts to maximize the profitability of separately valued real estate components.

Accordingly, the Appeal Brief argues that Graff is not in the field of Appellants' endeavor, nor is Graff pertinent to the problem solved by Appellants' claimed invention, to wit, demanufacturing an electronic product to recover the largest revenue possible. Furthermore, a person of ordinary skill in the art of electronic product demanufacturing could not be reasonably expected to consider a document which provides teachings exclusively in the domain of real estate when conceiving of the instant invention.

The Appeal Brief therefore contends that Graff is nonanalogous art, and its removal from further consideration as a reference is respectfully requested pursuant to MPEP 2141.01(a). "In order to rely on a reference as a basis for rejection of an Appellant's invention, the reference must either be in the field of Appellant's endeavor or, if not, then be reasonably pertinent to the particular problem with which the inventor was concerned." In re Oetiker, 977 F.2d 1443, 1446, 24 USPQ2d 1443, 1445 (Fed. Cir. 1992).

In addition, the Appeal Brief argues that Graff is nonanalogous art with respect to Suzuki which deals with the art of discarded articles capable of being recycled which is totally outside of Graff's field of real property. Accordingly, the fact that Graff is nonanalogous art with respect to Suzuki makes it not obvious to modify Suzuki by the teaching of Graff, as was attempted by the Examiner with respect to the following feature of claims 1 and 5-10: "mak[ing] a determination as to which of said resale price for said electronic product, said highest removed parts value less said labor expense, and said highest commodity value is greater and which of

said parts, if any, should be removed from said electronic product so as to recover said largest revenue", which was discussed *supra* in conjunction with the third reason as to why claims 1 and 5-10 are not unpatentable under over Suzuki in view of Graff is that Suzuki.

The Examiner's Answer argues:

"Appellant argues that the Suzuki and the Graff references are analogous art. However, both references teach the calculation of the value of an item and the subsequent value of the disassembled component parts. The Graff reference does teach an invention that calculates a value wherein ("it is frequently possible to sell the components of the property separately for more than the price that the property as a whole would command", column 3, lines 20 -23). Thus both references teach taking apart an item of value and further valuing the components in order to determine which state of the item would produce the largest value."

In Reply to the preceding argument in the Examiner's Answer, Appellants cite *In re Oetiker*, 977 F.2d 1443, 24 USPQ2d 1443, (Fed. Cir. 1992) to show that the Examiner's argument is not persuasive. In *Oetiker*, the Federal Circuit reversed the Board of Patent Appeals and Interferences by holding that the reference cited against the appellant is not analogous art. See *Oetiker* at 1446. In particular, the appellant claimed the use of a hook to fasten a hose clamp and the cited reference disclosed the use of a hook to fasten a garment. See *id.* at 1444. The Federal circuit stated that "[t]he Board apparently reasoned that all hooking problems are analogous." *Id.* In reversing the Board, the Federal Circuit reasoned as follows:

It has not been shown that a person of ordinary skill, seeking to solve a problem of fastening a hose clamp, would reasonably be expected or motivated to look to fasteners for garments. The combination of elements from non-analogous sources, in a manner that reconstructs the applicant's invention only with the benefit of hindsight, is insufficient to present a *prima facie* case of obviousness. There must be some reason, suggestion, or motivation found in the prior art whereby a person of ordinary skill in the field of the invention would make the combination. That knowledge can not come from the applicant's invention itself.

*Id.* at 1446. Similar to the Federal Circuit's reasoning in *Oetiker*, Appellants contend that a person of ordinary skill, seeking to solve a problem of optimizing the demanufacturing an electronic product, would not reasonably be expected or motivated to look to optimizing the dividing of real property into property components. Just as the Board erred in reasoning that "all hooking problems are analogous", the Examiner's Answer has similarly erred in reasoning that all circumstances of "taking apart an item of value and further valuing the components in order to determine which state of the item would produce the largest value" are analogous. As in *Oetiker*, the Examiner's Answer reconstructed Appellants' invention only with the benefit of hindsight, which is insufficient to present a *prima facie* case of obviousness. As in *Oetiker*, the Examiner's Answer has not provided a reason, suggestion, or motivation found in the prior art whereby a person of ordinary skill in the field of the invention would make the combination. As explained in *Oetiker*, that knowledge (i.e., the reason, suggestion, or motivation) cannot come from Appellants' invention itself.

Accordingly, the Examiner has not established a *prima facie* case of obviousness in relation to claims 1 and 5-10.

## Group II: Claim 2

The Appeal Brief asserted that Suzuki in view of Graff does not teach or suggest the following feature of claim 2: "wherein said resale prices, said commodity prices, said hazardous materials handling expense, and said labor expense are provided from a database, wherein said database is **periodically updated**" (emphasis added).

In the Office Action rejection, the Examiner argues: "As per claim 2, Suzuki et al teaches the method of claim 1, wherein said resale prices, said commodity prices, said hazardous materials handling expense and said labor expense are provided from a database wherein said database is periodically updated (column 10, lines 3140, "the market information database stores therein the market prices of the used articles for each of the types of the articles so that the market price information can be obtained when the restored article such as the restored televisions are to be recycled as the used article, as can be seen from FIG. 30. Besides, the information concerning the market prices of the used component parts of the article is also stored so that the market prices of the parts can be made available when they are to be recycled as the used parts") and (column 8, lines 55 - 57, "the recycle method decision processor unit further includes a recycle method decision module which stores therein a recycle processing decision procedure"."

The Appeal Brief contends that the preceding citation in Suzuki discloses when market price information can be obtained from the database which contains said market price information. The preceding citation in Suzuki does not disclose when the market price information is actually placed in the database and therefore does not disclose the preceding "periodically updating" feature of claim 2. Accordingly, Appellants contend that claim 2 is not

unpatentable over Suzuki in view of Graff.

The Examiner's Answer did not address the preceding argument by Appellants in the Appeal Brief.

## SUMMARY

In summary, Appellant respectfully requests reversal of the January 7, 2004 Office Action rejection of claims 1, 2 and 5-10.

Respectfully submitted,

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